

in 1972. Although heavy rains resulted in flooding in several parts of the United States during May, this situation is not expected to have any significantly adverse effect on 1973 retail sales.

In Europe, retail demand for tractors exceeded wholesale deliveries, and sales of combine harvesters were substantially above 1972.

In Africa, Australasia and Asia, sales of farm machinery were well ahead of last year although in South Africa drought conditions depressed sales somewhat. Latin American sales of farm machinery continued strong, particularly in Argentina and Brazil.

Sales of industrial and construction machinery, although well ahead of 1972, were limited by supply problems both in Italy, where a series of strikes by the metalworking unions has only recently been resolved, and in the United Kingdom.

In spite of disruptive industrial actions in the engine factory at Peterborough, Perkins achieved a high level of sales assisted to some extent by deliveries from inventory.

Labour agreements at the Peterborough engine factories and at the Coventry tractor factory are still to be settled. In the case of Peterborough, the unions are demanding wage concessions beyond legal limitations; because production disruptions have become so widespread there in recent weeks, it may become necessary to suspend operations pending resolution of issues. At Coventry, negotiations are under way and are continuing. At the other United Kingdom plants, new contracts have been agreed with production workers.

For the remainder of the year, there are no signs of any slackening of the substantial demand which exists in most markets for the company's products. Supply restrictions remain a major concern. For the longer term, expenditures on

capital equipment in 1973 will add to production capacity. As already announced, the capital expenditure program for 1973 will be the largest in the company's history.

At the Annual Meeting on March 7, shareholders were informed that demand for all of the company's product lines continued strong and that, subject to availability restrictions, the outlook indicated improved results. This position remains unchanged.

*Albert G. Thornbough*

June 11, 1973.

President and  
Chief Executive Officer

A dividend of 15 cents a share, Canadian funds, was declared March 7 payable June 15 to shareholders of record May 17.

# FINANCIAL REPORT

# 6

months ended

APRIL 30  
1973



**Massey-Ferguson Limited**

200 UNIVERSITY AVENUE, TORONTO M5H 3E4, CANADA

# Massey-Ferguson Limited

## Consolidated statement of income (unaudited)

(Thousands of U.S. Dollars)

	Quarter ended April 30		Six Months ended April 30	
	1973	1972	1973	1972
Net sales by territories:				
Europe.....	\$128,101	\$118,342	\$235,025	\$189,709
North America.....	143,266	107,638	213,406	174,431
Latin America.....	56,003	34,927	91,648	65,736
Africa.....	20,416	18,452	35,000	31,980
Australasia.....	18,818	11,552	29,269	19,605
Asia.....	15,421	8,755	27,303	17,468
Total Net Sales.....	382,025	299,666	631,651	498,929
Add:				
Interest and sundry income.....	3,977	3,436	6,334	5,682
Profit (loss) on disposal of capital assets.....	(43)	129	16	936
	385,959	303,231	638,001	505,547
Deduct:				
Cost of goods sold.....	293,202	238,942	489,406	397,982
Marketing, general and administrative expenses.....	46,257	39,136	77,138	65,325
Engineering expenses.....	8,240	6,346	15,312	12,259
Interest on long-term debt.....	3,154	2,962	6,419	5,905
Interest on bank and other short-term debt.....	8,758	8,847	15,148	15,799
Exchange adjustments.....	(2,805)	(918)	(2,374)	(726)
Minority interest.....	1,279	(127)	1,269	170
	358,085	295,188	602,318	496,714
Profit before income taxes and equity in net income of finance and associate companies.....	27,874	8,043	35,683	8,833
Income taxes.....	9,485	2,081	15,439	3,629
Profit before equity in net income of finance and associate companies.....	18,389	5,962	20,244	5,204
Equity in net income of finance companies.....	1,168	992	2,219	2,227
Equity in net income of associate companies.....	613	239	763	434
Net income.....	\$ 20,170	\$ 7,193	\$ 23,226	\$ 7,865
Depreciation, and amortization of production tooling included above.....	\$ 8,061	\$ 7,511	\$ 15,942	\$ 15,115
Common shares outstanding.....	18,214,150	18,195,450	18,214,150	18,195,450
Net income per common share.....	\$ 1.11	\$ 0.39	\$ 1.28	\$ 0.43



# Massey-Ferguson Limited

## To the Shareholders

Consolidated sales for the six months ended April 30, 1973, were \$631.7 million, an increase of 27 per cent over the first half of 1972. Consolidated net income was \$23.2 million or \$1.28 per share, compared with \$7.9 million or 43 cents per share.

For the second quarter of 1973, sales were \$382.0 million, an increase of \$82.4 million over the comparable period of 1972. Net income was \$20.2 million, an increase of \$13.0 million. Net income per share was \$1.11, compared to 39 cents.

### Wholesale Sales for the Six Months

	<u>1973</u>	<u>1972</u>	<u>Per Cent Increase</u>
	(Millions of U.S. \$)		
Farm Machinery	381.9	297.8	28%
Industrial and Construction Machinery	69.1	58.0	19%
Engines	76.2	55.7	37%
Recreation Products	11.1	9.6	16%
Other Products	8.1	6.4	27%
Parts	<u>85.3</u>	<u>71.4</u>	19%
Total	631.7	498.9	27%

For the first six months, retail sales of farm machinery in North America continued buoyant and were 38 per cent ahead of the same period